

Message Text

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ORIGIN IO-14

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8/17/73 EXT. 21547

APPROVED BY IO: DAVID H. POPPER

IO - MR. MOREY

IO/SEC - MR. HENNES

IO/EX - MR. CUMMINS

L/UNA - MR. NELSON

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FM SECSTATE WASHDC

TO USMISSION USUN NEW YORK

UNCLAS STATE 165304

E.O. 11652: N/A

TAGS: AORG, UN

SUBJECT: FINANCIAL SITUATION OF THE UN

1. WE CONCUR WITH PROPOSED REPLY TO SECRETARY-GENERAL'S NOTE OF JULY 20, 1973 DATAFAXED STOTTLEMYER TO HENNES 8/15 (NUMBER 470), WITH MINOR CHANGES.
2. APPRECIATE MISSION'S WORK ON THIS MATTER.
3. APPROVED TEXT AS FOLLOWS:

THE PERMANENT REPRESENTATIVE OF THE UNITED STATES OF AMERICA ACKNOWLEDGES THE RECEIPT OF THE NOTE, DATED JULY 20, 1973, FROM THE SECRETARY-GENERAL OF THE UNITED NATIONS, REFERRING TO GENERAL ASSEMBLY RESOLUTION 3049 (XXVII) AND THE SECRETARY-GENERAL'S NOTE OF JANUARY 5, 1973, CONCERNING THE FINANCIAL SITUATION OF THE ORGANIZATION. THE UNCLASSIFIED

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UNITED STATES GOVERNMENT SHARES THE CONCERN EXPRESSED ABOUT

THE FINANCIAL HEALTH OF THE UNITED NATIONS AND IS, OF COURSE, PREPARED TO PLAY A CONSTRUCTIVE ROLE IN THE SEARCH FOR A COMPREHENSIVE AND FINAL SOLUTION TO THE FINANCIAL PROBLEMS WHICH HAVE PLAGUED THE UNITED NATIONS FOR AN EXTENDED PERIOD OF TIME. IT WAS IN THIS SPIRIT THAT THE UNITED STATES PARTICIPATED ACTIVELY IN THE WORK

OF THE QUOTE SPECIAL COMMITTEE ON THE FINANCIAL SITUATION OF THE UNITED NATIONS UNQUOTE AND CONCURRED IN THE UNDERSTANDING OF 12 OF THE 15 MEMBERS OF THAT COMMITTEE.

WITH REGARD TO PARAGRAPH II OF THE REPORT OF THE SPECIAL COMMITTEE, THE UNITED STATES GOVERNMENT HAS BEEN REVIEWING ITS PAYMENTS PATTERN QUOTE WITH A VIEW TO PAYING FUTURE CONTRIBUTIONS ON TIME UNQUOTE. PENDING COMPLETION OF THAT REVIEW, THE UNITED STATES WILL CONTINUE TO MAKE PAYMENTS AS EARLY AS CAN BE ACCOMPLISHED UNDER EXISTING INTERNAL FISCAL PROCEDURES. IRRESPECTIVE OF CERTAIN INTERNAL CONSTRAINTS, SINCE THE FOUNDING OF THE UNITED NATIONS THE UNITED STATES HAS CONTINUOUSLY MET ITS FINANCIAL OBLIGATIONS TO THE ORGANIZATION IN A FULLY RESPONSIVE AND PROMPT MANNER.

THE UNITED STATES OVER THE YEARS HAS REPEATEDLY EXPRESSED ITS WILLINGNESS TO HELP RESOLVE THE ORGANIZATION'S DEFICIT WHICH, DUE TO THE DELIBERATE WITHHOLDINGS BY CERTAIN MEMBERS OF PORTIONS OF THEIR ASSESSED CONTRIBUTIONS, HAS BEEN THE CAUSE OF THE PRESENT FINANCIAL CRISIS AND ITS CONTINUING AGGRAVATION. UNTIL THIS SITUATION IS REMEDIED, IN PARTICULAR BY POSITIVE ACTIONS BY ALL OF THE DEFAULTING MEMBERS, THE UNITED STATES BELIEVES THAT THE MOST IMMEDIATE AND PRUDENT COURSE OF ACTION IS FOR THE SECRETARY GENERAL TO CONTINUE HIS POLICIES OF AUSTERITY AND OF KEEPING EXPENDITURES WITHIN THE LEVEL OF ANTICIPATED INCOME. WHILE SUCH A COURSE WILL NOT ELIMINATE THE EXISTING DEFICIT, IT WILL KEEP THE SITUATION FROM WORSENING.

THE CONCEPT OF FINANCIAL INCENTIVES FOR EXCEPTIONALLY PROMPT PAYMENTS OR DETERRENTS FOR LATE PAYMENTS AS A MEANS
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OF ACHIEVING QUOTE A STEADY AND TIMELY CASH FLOW IN THE PAYMENT OF ASSESSED CONTRIBUTIONS UNQUOTE IS VIEWED BY THIS GOVERNMENT WITH SOME APPREHENSION. PROCEDURES WHICH WOULD MAKE THE ACTUAL AMOUNTS REQUIRED FROM MEMBER STATES LARGER OR SMALLER THAN THE CONTRIBUTIONS DERIVED FROM THEIR ASSESSMENT RATES WOULD BE VIEWED WITH MISGIVINGS BY THE UNITED STATES GOVERNMENT. PROCEDURAL PROPOSALS OF A NON-FINANCIAL NATURE, ON THE OTHER HAND, WOULD BE STUDIED WITH

CARE BY THE UNITED STATES. HOWEVER, ONLY IF THE BASIC PRINCIPLE OF COLLECTIVE FINANCIAL RESPONSIBILITY, AS SET FORTH IN ARTICLE 17 (2) OF THE UNITED NATIONS CHARTER, IS FULLY HONORED CAN THE CURRENT SITUATION BE REMEDIED AND NOT RECUR. ROGERS

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